

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

	X
In re:	:
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,	: PROMESA
as representative of	: Title III
THE COMMONWEALTH OF PUERTO RICO <i>et al.</i> ,	: Case No. 17-BK-3283 (LTS)
Debtors. ¹	: (Jointly Administered)
	:
	X
In re:	:
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,	: PROMESA
as representative of	: Title III
PUERTO RICO ELECTRIC POWER AUTHORITY	: Case No. 17-BK-4780 (LTS)
Debtor.	:
	X

**OFFICIAL COMMITTEE OF UNSECURED CREDITORS' RESPONSE TO
STATUS REPORT OF GOVERNMENT PARTIES REGARDING
COVID-19 PANDEMIC AND THE 9019 MOTION**

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283- LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17- BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

To the Honorable United States District Judge Laura Taylor Swain:

The Official Committee of Unsecured Creditors (the “Committee”)² respectfully submits its response to the *Status Report of the Government Parties Regarding the COVID-19 Pandemic and the 9019 Motion*, dated May 12, 2021 [Docket No. 2476 in Case No. 17-4780] (the “Status Report”) concerning the Financial Oversight and Management Board for Puerto Rico’s (the “Oversight Board’s”) motion pursuant to Federal Rule of Bankruptcy Procedure 9019 [Docket No. 2144 in Case No. 17-4780] (the “Rule 9019 Motion”) filed on May 10, 2019. In support of this response, the Committee respectfully states as follows:

RESPONSE TO PREPA STATUS REPORT

1. The Rule 9019 Motion has now been pending for *two years*, yet the Oversight Board remains unprepared to present the Rule 9019 Motion to the Court. As explained in the motion to terminate the Rule 9019 Motion [Docket No. 2144 in Case No. 17-4780] (the “Motion to Terminate”) that the Committee filed in August 2020, the Committee believes that the Court (i) no longer has jurisdiction over the Rule 9019 motion because the underlying restructuring support agreement with the PREPA bondholders is subject to renegotiation and no longer viable in its current form, and/or (ii) should exercise its discretion to dismiss the Rule 9019 Motion and permit the Committee’s objection the PREPA bondholders’ claims to proceed. Although the Court denied the Motion to Terminate on November 4, 2020, in doing so it expressly stated that the Committee could renew the motion after April 21, 2021.

2. The Status Report that the Oversight Board filed yesterday only provides further support for the Committee’s position in the Motion to Terminate. Nearly nine additional months

² The Committee is the official committee of unsecured creditors for all Title III Debtors, other than PBA and COFINA.

have passed since the Committee filed the Motion to Terminate, yet the Oversight Board is no closer to moving forward with the Rule 9019 Motion. The Oversight Board states vaguely in its Status Report that the Government Parties “remain supportive of the terms of the RSA” and “intend to preserve the RSA by evaluating different means [of its] implementation.” PREPA Status Report ¶16. The Oversight Board, however, provides no timeline for seeking the RSA’s approval by the Court, instead asking that the 9019 Motion be stayed indefinitely so long as the Oversight Board provides another “status report” on or before July 11, 2021. *Id.* ¶ 23.

3. The Committee respectfully submits that the Court should not permit the Oversight Board to continue to sit indefinitely on the Rule 9019 Motion while the statutory rights of the Committee and other parties to object to the PREPA bondholders’ claims remain sidelined. The Status Report implies that the reason the Oversight Board is not moving forward with the RSA at this time is because “the Government Parties are presently focused on transitioning control of the T&D System to LUMA Energy.” *Id.* This transition, however, is not, and never was, asserted by the Government Parties to be a precondition to the Court’s consideration of the Rule 2019 Motion. The two-year anniversary of the filing of the Rule 9019 Motion has now come and gone. It is long past time for the Oversight Board to finally decide whether or not it has a settlement to present to the Court.

4. The Committee respectfully submits that, rather than merely direct the Oversight Board to file another status report by July 11, 2021, the Court should instead impose a deadline for the Oversight Board to either withdraw the Rule 9019 Motion or to propose a firm schedule for its consideration by the Court. The Committee reserves its right to file a renewed motion to terminate the Rule 9019 Motion in accordance with the Court’s prior order.

WHEREFORE, the Committee respectfully requests that the Court (a) impose a deadline for the Oversight Board to either withdraw the Rule 9019 Motion or to propose a firm schedule for its consideration by the Court, and (b) take notice of the Committee's statement of position with respect to the Status Report.

Dated: May 12, 2021

By: /s/ Luc A. Despins

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